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MASTER DECLARATION OF CONDOMINIUM COVENANTS, CONDITIONS AND RESTRICTIONS FOR TWO BRIDGES AT RIVER RUN HOMEOWNERS ASSOCIATION, INC.

THIS MASTER DECLARATION is made this 16th day of June, 1997, by TWO BRIDGES AT RIVER RUN, AN IDAHO LIMITED LIABILITY COMPANY, hereinafter "Grantor."

RECITALS

A. The Grantor: The Real Property. Grantor (together with its successors and assigns, collectively, the "Grantor"), is the owner of that certain real property located in the City of Ketchum, Blaine County, Idaho, described in Exhibit A attached hereto and made a part hereof (the "real property").

B. Intention of Grantor. Grantor intends to provide for ownership of the lots and common areas located on the real property.

C. The Project. The term "project" shall collectively mean the real property and all buildings and other improvements located on the real property.

D. Type of Ownership. The Condominium Development Project will provide a means for ownership in fee simple of separate interests in lots and improvements thereon and co-ownership with others, as tenants in common, of common area, as those terms are herein defined.

DECLARATION

NOW THEREFORE, Grantor hereby declares that the project is and shall hereafter be held, conveyed, encumbered, leased and used subject to the following Covenants, Conditions, Restrictions and equitable servitudes imposed in furtherance of a plan for the subdivision, improvement and sale of lots within the project, and to enhance the value, desirability and attractiveness of such property. The restrictions set forth herein shall run with the real property within the project, and shall be binding upon all persons having or acquiring any interest in such real property or any part thereof, including the lessees of an owner, and inure to the benefit of every portion of such real property and any interest therein; and shall inure to the benefit of and be binding upon Grantor, its successors in interest, and may be enforced by Grantor, by any owner or its successors in interest, or by the Master Association.

These restrictions shall not be construed so as to unreasonably interfere with or prevent normal construction activities during any construction or improvements by any owner, including Grantor, upon property owned within the project, provided that when completed, such improvements shall in all ways conform to these Restrictions. Specifically, no such construction activity shall be deemed to constitute a nuisance or violation of these Restrictions by reason of noise, dust, presence of vehicles or construction machinery, erection of temporary structures, posting of signs or similar activities, provided that such construction is pursued to completion with reasonable diligence and conforms to usual construction practices in the area. In the event of any dispute, a temporary waiver of the applicable provision, including, but not limited to, any provision prohibiting temporary structures, may be granted by the Association, provided that such waiver shall be only for the reasonable period of such construction. Such waiver may, but need not, be recorded or in recordable form.

Further, the Condominium Development Project Restrictions shall not be construed as to prevent or limit Grantor's right to maintain construction, sales or leasing offices or similar facilities on any property in the Project owned by the Grantor, or on the property of any owner if he consents to such use, nor to prevent or limit the Grantor's right to post signs incidental to construction, sales or leasing.

ARTICLE I

Definitions

Unless the context otherwise specified or requires, the following words and phrases when used in the Condominium Development Project Restrictions shall have the meanings hereinafter specified.

1.01. Articles shall mean the Articles of Incorporation of the Master Association which have been filed in the office of the Secretary of State, a true copy of which is attached hereto, marked Exhibit B, and incorporated herein by reference.

1.02. Assessments shall mean all assessments of the Master Association, including both regular and special assessments.

1.03. Association Property shall mean all real and personal property now or hereafter owned by or leased to the Master Association, except property title to which is held by the Master Association pursuant to Section 5.04.L hereof.

1.04. Beneficiary shall mean a mortgagee under a mortgage or a beneficiary under a deed of trust, as the case may be, and/or the assignees of such mortgagee, beneficiary or holder.

1.05. Board shall mean the Board of Directors of the Master Association.

1.06. Bylaws shall mean the Bylaws of the Master Association, which have been or shall be adopted by the Board substantially in the form of Exhibit C attached hereto and incorporated herein by reference, as such Bylaws may be amended from time to time.

1.07. Common Area shall mean any portion of the Condominium Development Project designated as common area for the primary benefit of the owners of lots within the project, to be owned in common by such owners or by a non-profit corporation or unincorporated association in which all such owners shall be entitled to membership.

1.08. Condominium shall mean a condominium as defined in Section 55-101B of the Idaho Code, i.e., an estate consisting of (1) an undivided interest in common in real estate, in an interest or interests in real property, or in any combination thereof, together with (2) separate interest in real property, in an interest or interests in real property or in any combination thereof.

1.09. Condominium Project shall mean a project as defined in Section 55-1503(b) of the Idaho Code, i.e., the entirety of an area divided or to be divided into condominiums.

1.10. Deed of Trust shall mean a mortgage or a deed of trust, as the case may be.

1.11. Improvement shall mean all structures and appurtenances thereof of every type and kind, including but not limited to, buildings, outbuildings, garages, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, planted trees and shrubs, poles, signs, exterior air conditioning, utility meters and water softener fixtures or equipment.

1.12. Condominium Development Project shall mean all that certain real property identified and described in Exhibit A to this Master Declaration, as the same is now and as it may from time to time be developed and improved, located in the County of Blaine, State of Idaho.

1.13. Condominium Development Project Area shall mean all of the real property so classified in accordance with Exhibit A hereto.

1.14. Condominium Development Project Maintenance Fund shall mean the fund created for the receipts and disbursements of the Master Association pursuant to Section 11.01 hereof.

1.15. Condominium Development Project Restrictions shall mean this Master Declaration, together with any and all Supplemental Declarations which may be recorded by Grantor. Said Supplemental Declaration may be amended from time to time, and the Condominium Development Project Rules from time to time in effect.

1.16. Condominium Development Project Rules shall mean the rules adopted by the Board pursuant to Section 5.06 hereof, as they may be amended from time to time.

1.17. Manager shall mean the person, firm or corporation employed by the Master Association pursuant to and limited by Article V, Section 5.05E, and delegated the duties, powers or functions of the Association pursuant to said Section.

1.18. <u>Master Association</u> (hereinafter sometimes "Association") shall mean the Condominium Development Project Property Owners Association, Inc., the non-profit Idaho corporation described in Article V hereof, its successors and assigns.

1.19. <u>Master Declaration</u> (hereinafter sometimes "Declaration") shall mean this instrument as it may be amended from time to time.

1.20. <u>Member</u> shall mean any person who is a member of the Master Association pursuant to Section 5.02 hereof.

1.21. <u>Mortgage</u> shall mean any mortgage or deed of trust or other conveyance of a condominium of the Project to secure the performance of an obligation, which will be void and reconveyed upon the completion of such performance.

1.22. <u>Notice and Hearing</u> shall mean thirty (30) days written notice and a public hearing before the Board at which the owner concerned shall have an opportunity to be heard in person or by counsel at owner's expense.

1.23. <u>Owner</u> shall mean, (1) the person or person or other legal entity or entities, including Grantor, holding an aggregate fee simple interest in a condominium; or, as the case may be, (2) the purchaser of a condominium.

1.24. <u>Permitted Users</u> shall mean owners of condominiums located in the Project and the family, invitees, licensees and lessees of any such owners.

1.25. <u>Person</u> shall mean a natural individual or any other entity with the legal right to hold title to real property.

1.26. <u>Record, Recorded and Recordation</u> shall mean, with respect to any documents, the recordation of such documents in the office of the County Recorder of the County of Blaine, State of Idaho (which may also be referred to herein as "file" or "filed").

1.27. <u>Sub-Association</u> shall mean any non-profit Idaho corporation or unincorporated association or the successors of any of them, organized and established by Grantor or by any owner or group of owners pursuant to or in connection with a Supplemental Declaration recorded by Grantor.

1.28. <u>Supplemental Declaration</u> shall mean any declaration of covenants, conditions and restrictions which may be recorded by Grantor.

ARTICLE II.

Nature and Incidents of Condominium Ownership

2.01. Estates of Owner. The project is hereby divided into condominiums, each consisting of a separate interest in a unit and an undivided interest in common in the common area in accordance with the attached Exhibit D, setting forth the common area appurtenant to each lot. The percentage of ownership interest in the common area which is to be allocated to each lot for purposes of tax assessment shall be the same as set forth in Exhibit D. Exhibit D also contains a legal description of each unit in the project, consisting of the identifying number of such unit as shown on the condominium map. Such undivided interests in the common area are hereby declared to be appurtenant to the respective units.

2.02. Title. Title to a condominium may be held or owned by any entity and in any manner in which title to any other real property may be held or owned in the State of Idaho.

2.03. Inseparability. No part of a condominium or of the legal rights comprising ownership of a condominium may be separated from any other part thereof during the period of condominium ownership prescribed herein, so that each unit and the undivided interest in the common area appurtenant to such lot shall always be conveyed, devised, encumbered and otherwise affected only as a complete condominium. Every gift, devise, bequest, transfer, encumbrance, conveyance or other disposition of a condominium or any part thereof shall be presumed to be a gift, devise, bequest, transfer, encumbrance or conveyance, respectively, of the entire condominium; together with all appurtenant rights created by law or by this Declaration.

2.04. Partition Not Permitted. The common area shall be owned in common by all owners of condominiums, and no owner may bring any action for partition thereof.

2.05. Owner's Right to Common Area. Subject to the limitations contained in this Declaration, each owner shall have the non-exclusive right to use and enjoy the general common area.

2.06. Taxes and Assessments. Each owner shall execute such instruments and take such actions as may be reasonably specified by the Association to obtain separate real property tax assessments of the interest of each owner in each condominium. If any taxes or special district or other assessments may, in the opinion of the Association, nevertheless be a lien on the project or any part thereof, the Association shall pay the same and assess the same to the owner or owners responsible therefor. Each owner shall pay the taxes or assessments assessed against his condominium, or interest therein, or his interest in the common area, or any part of any or all of the foregoing. Each owner shall pay taxes, rates, impositions and assessments levied against the project or any part of the common area in proportion to his interest in the common area, such payment to be made to the Association at least thirty (30) days prior to the delinquency of such tax or assessment. Each such unpaid tax or assessment shall bear interest at the rate of ten percent (10%) per annum from and after the time the same becomes payable by each owner and shall be secured by the lien created by Section 5.05.A.6, hereof.

2.07. Owner's Rights With Respect to Interiors. Each owner shall have the exclusive right to paint, repaint, tile, wax, paper or otherwise maintain, refinish and decorate the interior surfaces of the walls, ceilings, floors, windows and doors forming the boundaries of his unit and all walls, ceilings, floors and doors within such boundaries.

2.08. Easements for Encroachments. If any part of the common area encroaches or shall hereinafter encroach upon a unit or units, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a unit encroaches or shall hereafter encroach upon the common area, or upon the adjoining unit or units, an easement for such encroachment and for the maintenance of the same shall and does exist. Such encroachments shall not be considered to be encumbrances whether on the common area or the units. Encroachments referred to herein include, but are not limited to, encroachments caused by settling, rising or shifting of the earth, or by changes in position caused by repair or reconstruction of the project or any part thereof.

2.09. Association's Right to Use Common Area. The Association shall have a non-exclusive easement to make such use of the common area as may be necessary or appropriate to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration, including the right to construct and maintain in the general common area maintenance and storage facilities for use by the Association.

2.10. Grantor's Right Incident to Construction. Grantor and persons it shall select, shall have the right to ingress and egress over, upon and across the common area, the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to complete development of the project.

2.11. Easements Deemed Created. All conveyances of condominiums hereafter made, whether by the Grantor or otherwise, shall be construed to grant and reserve such reciprocal easements as shall give effect to Sections 2.09 and 2.10 even though no specific reference to such easements or to those Sections appears in any such conveyance.

ARTICLE III.

Description of a Condominium

Every contract for the sale of a condominium and every other instrument affecting title to a condominium may describe that condominium by the numbers shown on the condominium map and to this Declaration as such appears on the records of the County Recorder, Blaine County, Idaho, in the following fashion:

"Condominium Unit _____, as shown on the condominium map for Two Bridges as River Run, appearing in the records of Blaine County, Idaho as Instrument No. ________ as defined and described in that Master Declaration for the Two Bridges at River Run Condominiums, recorded in the records of Blaine County, Idaho as Instrument No. ________."

Such description will be construed to describe the unit, together with the appurtenant undivided interest in the common area, and to incorporate all the rights incident to ownership of a condominium and all the limitations on such ownership as described in this Declaration.

ARTICLE IV.

Mechanic's Lien Rights

No labor performed or services or materials furnished with the consent of or at the request of an owner or his agent or his contractor or subcontractor shall be the basis for the filing of a lien against the condominium of any other owner, or against any part thereof, or against any other property or any other owner, unless such other owner has expressly consented to or requested the performance of such labor or furnishings of such materials or services. Such express consent shall be deemed to have been given by the owner of any condominium in the case of emergency repairs thereto. Labor performed or services or materials furnished for the project, if duly authorized by the Association, shall be deemed to be performed or furnished with the express consent of each owner. Any owner may remove his condominium from a lien against two or more condominiums or any part thereof by payment to the holder of the lien of the fraction of the total sum secured by such lien which is attributable to his condominium.

ARTICLE V.

The Project

5.01. Organization.

A. Master Association. The Master Association is a non-profit Idaho corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws and this Master Declaration. Neither the Articles nor Bylaws shall, for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Master Declaration.

5.02. Membership.

A. Qualifications. Each owner, including Grantor, of a condominium, by virtue of being such an owner and for so long as he is such an owner, shall be deemed a member of the Master Association.

B. Transfer of Membership. The Master Association membership of each owner, including Grantor, shall be appurtenant to said condominium and shall not be transferred, pledged or alienated in any way except upon the transfer of title to said condominium, and then only to the transferee of title to said condominium. Any attempt to make a prohibited transfer shall be void. Any transfer of title to said condominium shall operate automatically to transfer said membership to the new owner thereof.

5.03. Voting.

A. Class of Members. The Association shall have two classes of voting membership, as follows:

1. All Owners, other than the Grantor, shall be Class A members. Class A membership entitles the holder to one vote for each condominium owned. When a condominium is owned by more than one person, only one vote may be cast for the condominium, as provided in Section 5.03B of this Declaration.

2. The Grantor shall be the sole Class B member. The Class B member shall be entitled to three votes for each unit issued. Class B membership shall cease and be converted to Class A membership upon the occurrence of whichever of the following is first in time: (a) The total outstanding votes of Class A members equals or exceeds the total outstanding votes of the Class B member; or (b) on December 31, 1997.

B. Joint Owner Disputes. The vote for each such condominium shall, if at all, be cast as a unit, and fractional votes shall not be allowed. In the event that joint owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any owner casts a vote representing a certain condominium, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other owners of the same condominium.

This takes priority over Bylaws date

C. Meeting of Owners. There shall be a meeting of the owners on the 15th day of February of each year at the hour of 4:00 p.m. at the Project or at such other reasonable place or time (not more than thirty (30) days before or after such date) as may be designated by notice of the Board given to the owners not less than fifteen (15) nor more than sixty (60) days prior to the date fixed for said meeting. A special meeting of the owners may be called at any reasonable time and place by notice of the Board or by the owners having one-fifth (1/5) of the total votes and delivered to all other owners not less than fifteen (15) days prior to the date fixed for said meeting. The presence at any meeting, in person or by proxy, of the owners entitled to vote at least a majority of the total votes shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the owners present, either in person or by proxy, may, as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the owners entitled to vote at least sixty-six and two-thirds percent (66-2/3%) of the total votes. The president of the Association (or the vice president in his absence) shall act as chairman of all meetings of the owners and the secretary of the Association (or an assistant secretary thereof in his absence) shall act as secretary of all such meetings. Except as otherwise provided herein, any action may be taken at any meeting of the owners upon the affirmative vote of the owners having majority of the total votes present at such meeting in person or by proxy; provided, however, that the members of the Board shall be elected by cumulative voting as provided in Section 5.03.D. At each annual meeting, the Board shall present a written statement of the Project Maintenance Fund, itemizing receipts and disbursements for the preceding calendar year and the allocation thereof to each owner. Within ten (10) days after the date set for each annual meeting, the assessment statement shall be delivered to the owners not present at said meeting.

D. Cumulative Voting. In any election of the members of the Board, every owner, including Grantor, entitled to vote at such an election shall have the right to cumulate his votes and given one candidate, or divide among any number of the candidates, a number of votes equal to the number of votes to which that owner is entitled in voting upon the matters multiplied by the number of directors to be elected. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected.

E. Transfer of a Voting Right. The right to vote may not be severed or separated from the ownership of the condominium to which it is appurtenant, except that any owner may give a revocable proxy or may assign his right to vote for the term of the lease or deed of trust, and any sale, transfer of conveyance of such condominium to a new owner or owners shall operate automatically to transfer the appurtenant vote to the new owner, subject to any assignment of the right to vote to a lessee or beneficiary as provided herein.

5.04. Duties of the Master Association. The Master Association shall have the obligation, such to and in accordance with the Project Restrictions, to perform each of the following duties for the benefit of the owners of each condominium within the Project.

A. Association Property. To accept and exercise jurisdiction over all property, real and personal, conveyed free and clear of all liens and encumbrances to the Master Association by Grantor, including (1) the Project area, (2) easements for operation and maintenance purposes over any Project area, and (3) easements for the benefit of Master Association Members within any Project area. For purposes of this section, a non-exclusive easement, license or other contractual right to use in favor of the permitted users or any of them shall not be deemed a lien or encumbrance.

B. Title to Property Upon Dissolution. To convey, upon dissolution of the Master Association, the assets of the Master Association to an appropriate public agency or agencies to be used for purposes similar to those for which the Master Association was created, or to a non-profit corporation, association, trust or other organization organized and operated for such similar purposes.

C. Operation of Project Areas. To operate and maintain, or provide for the operation and maintenance of (1) all Project areas and common areas which may be conveyed to it by Grantor, (2) all Project areas and common areas within the Project in which it owns easements for operation and maintenance purposes, and (3) all Project areas and common areas within the Project in which it owns easements for the benefit of Master Association Members; and to keep all improvements of whatever kind and for whatever purpose from time to time located thereon in good order and repair.

D. Payment of Taxes. To pay all real property taxes and assessments levied upon any property conveyed, leased or otherwise transferred to the Master Association, to the extent not assessed to the owners thereof. Such taxes and assessments may be contested or compromised by the Master Association; provided, however, that they are paid or a bond insuring the payment is posed prior to the sale or other disposition of any property to satisfy the payment of such taxes.

E. Insurance. To obtain and maintain in force the following policies of insurance:

1. Fire, extended coverage and all risk insurance of all structures in the Project, the amount of such insurance shall be not less than ninety percent (90%) of the aggregate full insurable value, meaning actual replacement value exclusive of the costs of excavations, foundations and footings. Such insurance shall insure the Association, the owners and their respective mortgagees, as their interests may appear. As to each such policy, which will not be voided or impaired thereby, the Association hereby waives and releases all claims against the Board, the Manager, the Grantor and agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but only to the extent that insurance proceeds are received in compensation for such loss.

2. A policy of insurance in an amount not less than $1,000,000.00, combined single limit, providing coverage for bodily injury and property damage liability. Said policy shall insure against liability for bodily injury, death and property damages arising from the activities of the Association or with respect to property under its jurisdiction.

3. Each individual owner shall be responsible for acquiring and maintaining a "Homeowners/Tenants Policy" insuring against damage and loss to contents and personal property and also against personal liability for bodily injury and death.

4. Workmen's compensation insurance to the extent necessary to comply with any applicable laws.

5. Such other insurance, including indemnity and other bonds as the Board shall deem necessary or expedient to carry out the Master Association functions as set forth in the Project Restrictions, the Articles and Bylaws.

The liability insurance referred to above shall name as separately protected insured Grantor, Grantor's project manager, the Master Association, the Board, the Association, and their representatives, members and employees, with respect to any liability arising out of the maintenance or use of any Association property. Every policy of insurance obtained by the Master Association shall contain an express waiver, if available, of any and all rights of subrogation against Grantor, Grantor's project manager, the Board, the Association and their representatives, members and employees.

F. Rule Making. To make, establish, promulgate, amend and repeal the Project Rules as provided in Section 5.08 hereof.

G. Enforcement of Restrictions and Rules. To perform such other acts, whether or not expressly authorized by the Project Restrictions, as may be reasonably necessary to enforce any of the provisions of the Project Restrictions and the Association Rules.

H. Other. To carry out the duties of the Master Association set forth in the Project Restrictions, the Articles and Bylaws.

I. Contracts. Neither Grantor nor any agent of Grantor shall enter into any contract which would bind the Master Association or the Board thereof for a period in excess of one (1) year, unless reasonable cancellation provisions are included in such contract.

J. Audit. The Board shall provide for an annual independent audit of the accounts of the Manager and Association and for delivery of a copy of such audit to each owner within thirty (30) days after completion thereof. Any owner may at any time and at his own expense cause an audit or inspection to be made of the books and records of the Manager or the Association by a certified public accountant; provided, that such audit or inspection is made during normal working hours and without unnecessary interference with the operation of the Manager or the Association. amended

K. Maintenance of Facilities. To maintain and repair, unless Grantor or such other parties as Grantor may designate shall maintain and repair facilities, including sidewalks, landscaping, parking areas, streets, domestic water system, sanitary sewer system, irrigation water and sprinkler system, irrigation wells, maintenance buildings, and other incidental amenities thereto, provided that under the provisions of a Supplemental Declaration or separate agreement the persons subject, or party, to such Declaration or agreement (hereinafter the "sponsors") have agreed to bear the entire cost of such maintenance and repairs; to maintain liability insurance in amounts deemed appropriate by the Board, covering such parking facilities and the operation thereof, and naming as insured the Master Association and the sponsors; to adopt an annual budget to cover the cost of such maintenance and repairs, including legal and accounting fees and costs of insurance; to levy and enforce, by lien or otherwise, assessments against such sponsors in the manner set forth in Article V hereof (except as such manner may be modified by such Declaration or agreement); and to accept and hold title to such facilities if the same is tendered to the Master Association. Water and sewer fees shall be paid by the Association. Said costs shall be prorated equally among all units. The maintenance obligations of the Master Association shall include snow removal from the sidewalk along Highway 75 adjacent to the property for purposes of accessing the trash enclosure on the property and for public use of the sidewalk. In no event shall such costs become a charge against the members of the Master Association (other than the sponsors) or the Association properties.

5.05. Powers and Authority of the Association. The Master Association shall have all of the powers of an Idaho non-profit corporation, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, the Bylaws and the Project Restrictions. It shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Master Association under and by virtue of the Restrictions, the Articles and Bylaws, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Master Association. Without in any limiting the generality of any of the foregoing provisions, the Master Association shall have this power and authority at any time.

A. Assessments.

1. Agreement to Pay Assessment. Grantor, for each condominium owned by it within the project, and for and as the owner of the project and every part thereof, hereby covenants, and each owner of any condominium by the acceptance of a deed therefor, whether or not it be so expressed in the deed, shall be deemed to covenant and agree with each other and with the Association to pay to the Association periodic assessments made by the Association for the purposes provided in this Declaration, and special assessments for capital improvements and other matters as provided in this Declaration. Such assessments shall be fixed, established and collected from time to time in the manner provided in this Article.

2. Amount of Total Periodic Assessments. The total periodic assessments against all condominiums shall be based upon advance estimates of cash requirements by the Association to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the common area or furnishing electrical, water, sewer and trash collection and services, and other common services, to each unit, which estimates may include, among other things, expenses or management; taxes and special assessment until the condominiums are separately assessed as provided herein; premiums for all insurance which the Association is required or permitted to maintain pursuant hereto; landscaping and care of grounds; common lighting and heating; water charges; trash collection; sewer service charges, repairs and maintenance; wages for Association employees; legal and accounting fees; any deficit remaining from a previous period; the creation of a reasonable contingency reserve, surplus and/or sinking funds; and any other expenses and liabilities which may be incurred by the Association for the benefit of the owners under or by reason of this Declaration.

3. Apportionment of Periodic Assessments. Expenses attributable to the common area and to the project as a whole shall be apportioned among all owners in

proportion to the interest in the common area owned by each.

4. Notice of Periodic Assessments and Time for Payment Thereon. The Association shall make periodic assessments, which assessments shall be annually, quarterly or monthly as the Association shall from time to time determine. The Association may, in its discretion, allow assessments to be paid in installments. Written notice of assessment shall be given to each owner, which notice shall specify the amount of the assessment and the date or dates of payment of the same. No payment shall be due less than fifteen (15) days after the said written notice has been given. Each periodic assessment shall bear interest at the prime lending rate charged by First Interstate Bank, plus three percent (3%) adjusted quarterly per annum from the date it becomes due and payable if not paid within thirty (30) days after such date. Failure of the Association to give timely notice of any assessment as provided herein shall not affect the liability of the owner of any condominium for such assessment, but the date when payment shall become due in such a case shall be deferred to a date fifteen (15) days after such shall have been given.

5. Special Assessments for Snow Removal. As a result of the location of the project, it may become necessary for the Association to provide a means for the hauling and removal of all snow which builds upon the project and the adjoining ingress and egress of by-ways. In the first instance, the Association shall attempt to include the cost of such snow removal in the amount of total periodic assessments established pursuant to paragraph 2 of this Article. In the event such periodic assessments are insufficient to defray the cost of said snow removal, then the Association shall be authorized to levy a special assessment payable over such a period as the Association may determine for the purposes of defraying in whole or in part the cost of said snow removal. This section shall not be construed as an independent source of authority for the Association to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other sections hereof which shall make specific reference to this Article. Any amounts assessed pursuant hereto shall be assessed to owners in proportion to the interest in the common area owned by each. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the owners, and no payment shall be due less than thirty (30) days after such notice shall have been given. A special assessment shall bear interest at the prime lending rate from the date it becomes due and payable if not paid within thirty (30) days after such date.

6. Special Assessments for Capital Improvement. In addition to the annual assessments authorized by this Article, the Association may levy at any time a special assessment payable over such a period as the Association may determine for the purpose of defraying in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the project or any part thereof, or for any other expense incurred or to be incurred as provided in this Declaration. This section shall not be construed as an independent source of authority for the Association to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other sections hereof which

shall make specific reference to this Article. Any amounts assessed pursuant hereto shall be assessed to owners in proportion to the interest in the common area owned by each. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the owners, and no payment shall be due less than thirty (30) days after such notice shall have been given. A special assessment shall bear interest at the prime lending rate from the date it becomes due and payable if not paid within thirty (30) days after such date.

7. Lien for Assessments. All sums assessed to any condominium pursuant to this Article, together with interest thereon as provided herein, shall be secured by a lien on such condominium in favor of the Association upon recordation of a notice of assessment as herein provided. Such lien shall be superior to all other liens and encumbrances on such condominium except only for (a) valid tax and special assessment liens on the condominium in favor of any governmental assessing authority; (b) a lien for all sums unpaid on a first mortgage, or on any mortgage to Grantor, duly recorded in Blaine County, Idaho real estate records, including all unpaid obligatory advances to be made pursuant to such mortgage and all amounts advanced pursuant to such mortgage and secured by the lien thereof in accordance with the terms of such instrument and (c) labor or materialmen's liens to the extent required by law. All other lienor acquiring liens on any condominium shall be deemed to consent that such liens shall be inferior to future liens for assessments as provided herein, whether or not such consent be specifically set forth in the instruments creating such liens.

To create a lien for sums assessed pursuant to this Article, the Association may prepare a written notice of assessment setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the record owner of the condominium and a description of the condominium. Such a notice shall be signed by the Association and may be recorded in the office of the County Recorder, Blaine County, Idaho. No notice of assessment shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by sale by the Association after failure of the owner to pay such an assessment in accordance with its terms, such sale to be conducted in the manner permitted by law in Idaho for the exercise of power of sale in deeds of trust or in any other manner permitted by law. In any such foreclosure, the owner shall be required to pay the costs and expenses of such proceeding, the costs and expenses of filing the notice of assessment and all reasonable attorney's fees. All such costs and expenses shall be secured by the lien being foreclosed. The owner shall also be required to pay to the Association any assessments against the condominium which shall become due during the period of foreclosure. The Association shall have the right and power to bid at the foreclosure sale or other legal sale and to acquire, hold, convey, lease, rent, encumber, use and otherwise deal with the same as the owner thereof.

A further notice stating the satisfaction and release of any such lien shall be executed by the Association and recorded in the Blaine County, Idaho real estate records, upon payment of all sums secured by a lien which has been made the subject of a recorded notice of assessment.

Any encumbrancer holding a lien on a condominium may pay, but shall not be required to pay, any amounts secured by the lien created by this section, and upon such payment such encumbrancer shall be subrogated to all rights of the Association with respect to such lien, including priority.

The Association shall report to any encumbrancer of a condominium any unpaid assessment remaining unpaid for longer than ninety (90) days after the same shall have become due; provided, however, that such encumbrancer first shall have furnished to the Association written notice of such encumbrance.

Unless sooner satisfied and released or the enforcement thereof initiated as provided earlier in this section, any lien created pursuant to this section shall expire and be of no further force or effect one year from the date of recordation of said notice of assessment, provided, however, that said one year period may be extended by the Association for a period not to exceed one additional year by a written extension signed by the Association and recorded in the office of the County Recorder of Blaine County, Idaho, prior to expiration of said first one year period.

8. Personal Obligation of Owner. The amount of any periodic or special assessment against any condominium shall be the personal obligation of the owner thereof to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No owner may avoid or diminish such personal obligation by waiver of the use and enjoyment of any of the common area or by abandonment of his condominium.

9. Statement of Account. Upon payment of a reasonable fee not to exceed $50.00 and upon written request of any owner or any mortgagee, prospective mortgagee or prospective purchaser of a condominium, the Association shall issue a written statement setting forth the amount of the unpaid assessments if any, with respect to such condominium, the amount of the current periodic assessment and the date that such assessment becomes or became due, credit for advanced payments or prepaid items, including, but not limited to, an owner's share of prepaid insurance premiums, which statement shall be conclusive upon the Association in favor of the persons who rely thereon in good faith. Unless such request for a statement of account shall be complied with within twenty (20) days, all unpaid assessments which became due prior to the date of making such request, shall be subordinate to the lien of a mortgagee which acquired its interest subsequent to requesting such statement. Where a prospective purchase makes such request, both the lien for such unpaid assessments and the personal obligation of the purchaser shall be released automatically if the statement is not furnished within the twenty (20) day period provided herein and thereafter an additional written request is made by such purchaser and is not complied with within ten (10) days and the purchaser subsequently acquires the condominium.

10. Personal Liability of Purchaser for Assessments. Subject to the

provisions of paragraph 9 above, a purchaser of a condominium shall be jointly and severally liable with the seller for all unpaid assessments against the condominium up to the time of the grant or conveyance, without prejudice to the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments.

B. Right of Entry and Enforcement. After twenty-four (24) hours' written notice to enter, without being liable to any owner or sub-association, upon any condominium or any property owned or controlled by sub-association for the purpose of enforcing by peaceful means the Project Restrictions, or for the purpose of maintaining or repairing any such area if for any reason whatsoever, the owner thereof fails to maintain or repair any such area as required by the Restrictions. The Master Association shall also have the power and authority from time to time in its own name on its own behalf or on behalf of any owner or owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of the Project Restrictions and to enforce, by mandatory injunctions or otherwise all of the provisions of said Restrictions.

C. Easements and Rights-of-Way. To grant and convey to any person, easements, rights-of-way, parcels or strips of land in, on, over or under any Association property for the purpose of constructing, erecting, operating or maintaining thereon, therein and thereunder, (1) roads, streets, walks, driveways, parkways and park areas, (2) overhead or underground lines, cables, wires, conduits or other devices for the transmission of electricity for lighting, heating, power, telephone and other purposes, (3) sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and (4) any similar public or quasi-public improvements or facilities.

air conditioner

D. Repair and Maintenance of Association Property. To paint, maintain, provide snow removal service for, and repair the Association property and all improvements thereto; provided, however, that the Association shall have no responsibility to provide the services referred to in this paragraph with respect to any building in any sub-association common area. Such responsibility shall be that of the sub-association concerned.

E. Manager. To retain and pay for the services of a person or firm to manage the Association properties (the "Manager"), to the extent deemed advisable by the Board, as well as such other personnel as the Board shall determine shall be necessary or proper for the operation of the Association properties or the conduct of the business of the Master Association, whether such personnel are employed directly by the Association or are furnished by the Manager. The Association and the Board may delegate any of their duties, powers or functions to the Manager, provided that any such delegation shall be revocable upon notice by the Association or Board. The owners release the members of the Board from liability for any omission or improper exercise by the Manager of any such duty, power or function as delegated.

F. Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Association properties, enforcement of the

Project Restrictions, or in performing any of the other duties or rights of the Master Association.

G. Association Property Services. To pay for water, sewer, garbage, electrical, telephone, gas, maintenance, snow removal and gardening service, and other necessary utility or other services for the Association properties.

H. Other Areas. To maintain and repair easements, roads, roadways, roadway rights-of-way, parkways and highway median strips, entry details, or other areas of the Project not maintained by governmental entities, to the extent deemed advisable by the Board, and at the Board's election, easements not a part of the Association properties and the yard areas within the project.

I. Other Services and Properties. To obtain or pay for, as the case may be, any other property, services, taxes or assessments which the Association or the Board is required to secure or pay for pursuant to the terms of these Restrictions or the Bylaws, including security services of the Association properties or for the Project generally, or which in its opinion shall be necessary or proper for the operation of the Association property.

J. Construction on Association Property. The Association may construct new improvements or additions to the Association properties or demolish existing improvements, provided that in the case of any improvements, addition or demolition (other than maintenance or repairs to existing improvements) involving a total expenditure in excess of $1,000.00, the vote of a majority of each class of owners called for that purpose approving plans and a maximum total cost therefor shall first be obtained. The Association shall levy a special assessment on all owners for the cost of such work.

5.06. Rules. The Board may adopt such Rules as it deems proper for the use and occupancy of the Association property. A copy of said Rules, as they may from time to time be adopted, amended or repealed, may, but need not be, mailed or otherwise delivered to each owner, or recorded. Upon such mailing, delivery or recordation, said Rules shall have the same force and effect as if they were set forth in and were a part of the Project Restrictions.

5.07. Liability of Board Members and Manager. Neither any member of the Board nor the Manager shall be personally liable to any owner, or to any other party, for any damage, loss or prejudice suffered or claimed on account of any act or omission f the Master Association, the Board, the Manager or any other representatives or employees of the Master Association, or the Association, provided that such Board member, or the Manager has, upon the basis of such information as may be possessed by him, acted in good faith.

5.08. Amendment. The provisions of Sections 5.01, 5.02 and 5.03 hereof shall not be amended without the vote or written consent of the owners of not less than seventy-five percent (75%) of the combined total number of condominiums then within the Project.

5.09. Taxes. Each owner shall execute such instruments and take such action as may reasonably be specified by the Association to obtain separate real estate tax assessment of each condominium. If any taxes or assessments may, in the opinion of the Association, nevertheless be a lien on more than one (1) condominium not under common ownership, or any part thereof, they may be paid by the Master Association, and each owner shall be obligated to pay, or to reimburse the Master Association for, as the case may be, the taxes and assessments assessed by the County Assessor or other taxing authority against his own condominium and interest, if any, in the Association properties.

ARTICLE VI.

General Restrictions

All real property within the Project shall be held, used and enjoyed subject to the following limitation and restrictions:

6.01. Antennas. No antennas of any kind shall be erected in the Project.

6.02. Insurance Rates. Nothing shall be done or kept in the Project which will increase the rate of insurance on any Association property without the approval of the Board, nor shall anything be done or kept in Willow Condominiums which would result in the cancellation of insurance on any Association property or which would be in violation of any law.

6.03. No Further Subdividing. No common area or condominium may be further subdivided, nor may any easement or other interest therein less than the whole be conveyed by the owner thereof (including any sub-association, but excluding Grantor) without the prior written approval of the architectural committee; provided, however, that nothing herein shall be deemed to prevent or require the approval of the architectural committee for: (1) the sale of condominiums in any project, or (2) the transfer or sale of any condominium to more than one person to be held by them as tenants in common, joint tenants, tenants by the entirety or as community property.

6.04. Signs. No sign of any kind shall be displayed to the public view without the approval of the Association, except such signs as may be used by Grantor in connection with any development of the Project and sale of residences and condominiums except such signs of customary and reasonable dimensions as set forth by the committee which may be displayed on or from a residence advertising that the residence is for sale or lease. "For Sale" or "For Lease" signs nor more than three (3) feet by two (2) feet, plain white and black block letters, shall not require committee approval.

6.05. Animals. No animals of any kind, including dogs, shall be raised, bred or kept, except that no more than one (1) cat and/or one (1) dog may be kept, provided that no cat may be kept if it is a nuisance; and provided that they are not kept, bred or maintained for any commercial purpose; and provided, however, that further restrictions may be contained in the Supplemental Declaration affecting such condominiums and additional rules and limitations may be set forth in the Project Rules.

6.06. Nuisance. No rubbish or debris of any kind shall be placed or permitted to accumulate upon any property within the Project and no odors shall be permitted to arise therefrom so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. No noise or other nuisance shall be permitted to exist or operate upon any such property so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes) shall be located, used or placed on any such property without the prior written approval of the Board.

6.07. Repair of Buildings. No improvement upon any property within the Project shall be permitted to fall into disrepair, and each such improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished by the owner (including any sub-association) thereof.

6.08. Improvements and Alterations. There shall be no excavation or construction or alteration which in any way alters the exterior appearance of any improvement within the Project, nor removal of any improvement in the Project (other than repair or rebuilding pursuant to Section 6.07 hereof) without the prior approval of the Association.

6.09. Violation of the Project Rules. There shall be no violation of the Project Rules once adopted by the Board after notice and hearing. If any owner, his family, or any licensee, lessee or invitee violates the Project Rules, the Board may impose a special assessment upon such person of not more than $20.00 for each violation and/or may suspend the right of such person to use the Association properties, under such renditions as the Board may specify, for a period not to exceed thirty (30) days for each violation. Before invoking any such assessment or suspension, the Board shall give such person notice and hearing. Any assessment imposed hereunder which remains unpaid for a period of ten (10) days or more shall become a lien upon the owner's condominium upon its inclusion in a notice of assessment recorded pursuant to Article V, hereof.

6.10. No Hazardous Activities. No activities shall be conducted on any property and no improvements constructed on any property which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any property; and no open fires shall be lighted or permitted on any property except in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well designed interior fireplace or except such controlled and attended fires required for clearing maintenance of land and previously approved in writing by the Board.

6.11. <u>No Temporary Structures</u>. No tent or shack or other temporary building, improvement or structure shall be placed upon any property, except that, subject to the Project rules, tents may be used for occasional overnight recreational camping.

6.12. <u>No Mining and Drilling</u>. No property shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing water, oil, gas or other hydrocarbons, minerals, rocks, stones, gravel or earth, except that Grantor or the Master Association may, by appropriate permit, grant, license or easement, allow the drilling of wells for the extraction of water.

6.13. <u>Vehicles</u>. The use of all vehicles including but not limited to, trucks, automobiles, bicycles and motorcycles, shall be subject to the Project Rules, which may prohibit or limit the use thereof within the Project, provide parking regulations or adopt other rules regulating the same.

6.14. <u>Commercial Use</u>. The use of the Project area(s) shall be exclusively for residential use. No commercial business or activities of any type shall be operated or conducted from any of the units within this project.

6.15. <u>Drainage</u>. There shall be no interference with the established drainage pattern over any property within the Project unless adequate provision is made for proper drainage and is approved by the Association. For the purposes hereof, "established drainage" is defined as the drainage which exists at the time the Declaration is enacted.

6.16. <u>Use of Covered Entry Area</u>. No articles shall be stored or remain in the covered entry area, including but not limited to the following vehicles of any kind including motorcycles, furniture, and furnishings. Refuse, garbage and trash shall be kept at all times in a covered, noiseless container and any such container shall be kept within the condominium unit with the exception of trash pick-up day when trash containers may be placed in the condominium complex driveway.

ARTICLE VII.

<u>Casualty Damage or Destruction</u>

7.01. <u>Affects Title</u>. Title to each condominium is hereby made subject to the terms and conditions hereof, which bind the Grantor and all subsequent owners, whether or not it be so expressed in the deed by which any owner acquires his condominium.

7.02. <u>Association as Agent</u>. All of the owners irrevocably constitute and appoint the Association their true and lawful attorney-in-fact in their name, place and stead for the purpose of dealing with the project upon its damage or destruction as hereinafter provided. Acceptance by any grantee of a deed from the Grantor from any owner shall constitute such appointment.

7.03. General Authority of the Association. As attorney-in-fact, the Association shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or other instrument with respect to the interest of a condominium owner which may be necessary or appropriate to exercise the powers herein granted. Repair and reconstruction of the improvements as used in this Declaration mean restoring the project to substantially the same condition in which it existed prior to damage, with each unit and the common area having substantially the same vertical and horizontal boundaries as before. The proceeds of any insurance collected shall be available to the Association for the purpose of repair or reconstruction unless the owners and the first mortgagees unanimously agree not to rebuild in accordance with the provisions set forth hereinafter.

In the event any mortgagee should not agree to rebuild, the Association shall have the option to purchase such mortgage by payment in full of the amount secured thereby if the owners are in unanimous agreement not to rebuild. The Association shall obtain the funds for such purpose by special assessments under Article V hereof.

7.04. Estimate of Costs. As soon as practicable after an event causing damage to, or destruction of, any part of the project, the Association shall obtain estimates that it deems reliable and complete of the costs of repair or reconstruction of that part of the project damaged or destroyed.

7.05. Repair and Reconstruction. As soon as practicable after receiving these estimates, the Association shall diligently pursue to completion and repair or reconstruction of that part of the project damaged or destroyed. The Association may take all necessary or appropriate action to effect repair or reconstruction, as attorney-in-fact for the owners, and no consent or other action by any owner shall be necessary in connection therewith. Such repair or reconstruction shall be in accordance with the original plans and specifications of the project or may be in accordance with any other plans and specification and the Association may approve, provided that in such latter event the number of cubic feet and the number of square feet of any unit may not vary by more than five percent (5%) from the number of cubic feet and the number of square feet for such unit as originally constructed pursuant to such original plans and specifications, and the location of the buildings shall be substantially the same as prior to damage or destruction.

7.06. Funds for Reconstruction. The proceeds of any insurance collection shall be available to the Association for the purpose of repair or reconstruction. If the proceeds of the insurance are insufficient to pay the estimated or actual cost of such repair or reconstruction, the Association, pursuant to Article V hereof, may levy in advance a special assessment sufficient to provide funds to pay such estimate or actual costs of repair or reconstruction. Such assessment shall be allocated and collected as provided in that Article. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair or reconstruction.

7.07. Disbursement of Funds for Repair or Reconstruction. The insurance proceeds held by the Association and the amounts received from the assessments provided for in Section 5.05 constitutes a fund for the payment of cost of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for cost or repair or reconstruction shall be made from insurance proceeds; if there is a balance after payment of all costs of such repair or reconstruction, such balance shall be distributed to the owners in proportion to the contributions by each owner pursuant to the assessments by the Association under Section 5.05 of this Declaration.

7.08. Decision Not to Rebuild. If all owners and all holders of first mortgages on condominiums agree not to rebuild, as provided herein, the project shall be sold and the proceeds distributed in the same manner herein provided in the event of sale of obsolete units as set forth in Section 8.4 hereof.

ARTICLE VIII.

Obsolescence

8.01. Adoption of a Plan. The record owners, as reflected on the real estate record of Blaine County, Idaho, representing an aggregate record ownership interest of one hundred percent (100%) of the units may agree that the project is obsolete and adopt a written plan for the renewal and reconstruction which plan has the unanimous approval of all first mortgagees of the record at the time of the adoption of such plan. Written notice of adoption of such plan shall be given to all owners. Such plan shall be recorded in Blaine County, Idaho, real estate records.

8.02. Payment for Renewal and Reconstruction. The expense of renewal or reconstruction shall be payable by all of the owners as assessments against their respective condominiums. These assessments shall be levied in advance pursuant to Article V hereof, and shall be allocated and collected as provided in that Article. Further levies may be made in like manner if the amounts collected prove insufficient to complete the renewal and reconstruction.

8.03. Sale of Obsolete Units. The owners representing an aggregate ownership interest of one hundred percent (100%) or more of the units may agree that the condominiums are obsolete and that the project should be sold. Such an agreement must have the unanimous approval of every first mortgagee of record at the time the agreement is made. In such instance, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association, the project shall be sold by the Association as attorney-in-fact for all of the owners free and clear of the provisions contained in this Declaration, the condominium map, and the Bylaws. The sale proceeds shall be apportioned among the owners in proportion to the respective amounts originally paid to Grantor for the purchase of the condominium exclusive of the amounts paid for personal property, and such apportioned proceeds shall be paid into separate accounts, each account representing one condominium. Each such account shall remain in the name of the Association and shall be further identified by the condominium designation and the name of the owner. From each separate account, the Association, as attorney-in-fact, shall use and disburse the total amount of such accounts without contribution from one account to the other, first to mortgagees and other liens and the balance remaining to each respective owner.

8.04. Distribution in Excess. In the event amounts collected pursuant to Section 8.02 are in excess of the amounts required for renewal and reconstruction, the excess shall be returned to the owners by the Association by a distribution to each owner in an amount proportionate to the respective amount collected from each such owner.

ARTICLE IX.

Condemnation

9.01. <u>Consequences of Condemnation</u>. If at any time or times during the continuance of the condominium ownership pursuant to this Declaration, all or any part of the project shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof, the following provisions shall apply.

9.02. <u>Proceeds</u>. All compensation, damages or other proceeds therefrom, the sum of which is hereinafter called the "condemnation award," shall be payable to the Association.

9.03. <u>Complete Taking</u>. In the event that the entire project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant hereto shall terminate. The condemnation award shall be apportioned among the owners in proportion to the respective amounts paid to Grantor for the purchase of the condominium exclusive of the amounts paid for personal property, provided that if a standard different from the value of the project as a whole is employed to measure the condemnation award in the negotiation, judicial decree or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable.

On the basis of the principal set forth in the last preceding paragraph, the Association shall as soon as practicable determine the share of the condemnation award to which each owner is entitled. Such shares shall be paid into separate accounts and disbursed as soon as practicable in the same manner provided in Section 8.04 of this Declaration.

9.04. <u>Partial Taking</u>. In the event that less than the entire project is taken or condemned, or sold, or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership hereunder shall not terminate. Each owner shall be entitled to a share of the condemnation award to be determined in the following manner: As soon as practicable, the Association shall, reasonably and in good faith, allocate the condemnation award between compensation, damages or other proceeds, and shall apportion the amounts so allocated among the owners as follows: (a) the total amount allocated to taking of or injury to the common area shall be apportioned equally among the owners; (b) the total amount allocated to severance damages shall be apportioned to those condominiums which were not taken or condemned; (c) the respective amounts allocated to the taking of or injury to a particular unit and/or improvements an owner haws made within his own unit shall be apportioned to the particular unit involved; and (d) the total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable in the circumstances. If an allocation of the condemnation award is already established in negotiation, judicial decree, or otherwise, then in allocating the condemnation award the Association shall employ such allocation to the extent it is relevant and applicable. Distribution of apportioned proceeds shall be made in the same manner provided in Section 8.04 of this Declaration.

9.05. <u>Reorganization</u>. In the event a partial taking results in the taking of a complete unit, the owner thereof automatically shall cease to be a member of the Association. Thereafter the Association shall reallocate the ownership, voting rights and assessment ratio determined in accordance with this Declaration according to the same principles employed in this Declaration at its inception and shall submit such reallocation to the owners of remaining units for amendment of this Declaration as provided herein.

9.06. Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article VII above.

ARTICLE X.

Association Properties

10.01. Each owner of a condominium, his family, licensees, invitees and lessees, or contract purchasers who reside on the property, shall be entitled to use the Association properties subject to:

A. The provisions of the Articles of Incorporation, Bylaws and Restrictions. Each owner agrees that in using the Association properties, he will comply with the provisions of such Articles, Bylaws and Restrictions, including the Project Rules.

B. The right of the Master Association to suspend the rights to use of the Association property by an owner for any period during which any assessment against his condominium remains unpaid, and, after notice and hearing by the Board, for a period not to exceed thirty (30) days for any infraction of the Project Restrictions.

C. The right of the Master Association to dedicate or transfer all or any part of the Association properties to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Board.

D. Such non-exclusive easements, licenses or other contractual rights of the permitted users or any of them to use the Association properties as may have been granted by the Master Association or prior owners of the Association property.

10.02. Damages. Each owner shall be liable to the Master Association for any damage to Association property which may be sustained by reason of the negligence or willful misconduct of said owner or of his family and guests or lessees, both minor and adult. In the case of joint ownership of a condominium, the liability of such owners shall be joint and several, except to the extent that the Master Association has previously contracted in writing with such joint owners to the contrary. The amount of such damages shall be an assessment against the condominium and may be collected as provided herein for the collection of other assessments.

ARTICLE XI.

Funds

11.01. The Project Operating and Maintenance Fund. The Board shall establish a fund (the "Condominium Development Project Operating and Maintenance Fund") into which shall be deposited all monies paid to the Master Association and from such disbursements shall be made in performing the functions of the Master Association under the Condominium Development Project Restrictions. Funds of the Master Association must be used solely for purposes related to those areas and improvements owned by the Master Association or subject by this Declaration to maintenance and assessment, including assessment for water, sewer and insurance on individual units, or for other purposes authorized by this Declaration as it may from time to time be amended. Nothing contained herein shall limit, preclude or impair the establishment of other operating or maintenance funds by any association pursuant to any Supplemental Declaration.

ARTICLE XII.

Miscellaneous

12.01. Term. The Covenants, Conditions and Restrictions of this Master Declaration shall run until the year 2020, unless amended as herein provided. After said date, such Covenants, Conditions and Restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by at least three-fourths (3/4) of the owners of Project and such written instrument is recorded with the Blaine County Recorder.

12.02. Amendment

A. By Owners. Except as provided in Section 5.08, the provisions of this Declaration, other than this Article, may be amended by an instrument in writing signed and acknowledged by the president and secretary of the Association certifying that such amendment has been approved by the vote or written consent of at least two-thirds (2/3) of the owners in the Project such an amendment shall be effective upon its recordation with the Blaine County Recorder.

B. Notwithstanding any other provision of this Declaration, no amendment of this Declaration shall operate to defeat and render invalid the rights of the beneficiary under any recorded deed of trust upon a condominium made in good faith and for value, provided that after the foreclosure of any such deed of trust such condominium shall remain subject to this Declaration, as amended.

12.03. Notices. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Association.

Such address may be changed from time to time by notice in writing to the Association.

12.04. Interpretation. The provisions of this Declaration shall be liberally construed to effectuate their purpose of creating a uniform plan for the operation and future development of the Project. All provisions affecting any project in the Project shall be construed so as to be in conformance with the Condominium Property Act of Idaho. This Declaration shall be construed and governed under the laws of the State of Idaho.

12.05. Enforcement and Non-Waiver.

A. Right of Enforcement. Except as otherwise provided herein, any owner of any condominium within the Project shall have the right to enforce any or all of the provisions of the Restrictions upon any property within the Project and the owners thereof.

B. Violations and Nuisance. Every act or omission whereby any provision of the Project Restrictions is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action by Grantor or the Master Association or any owners of condominiums within the project.

However, any other provision to the contrary notwithstanding, only Grantor, the Master Association, the Board or the duly authorized agents of any of them, may enforce by self-help any of the provisions of the Project Restrictions, and only if such self-help is preceded by reasonable notice to the owner.

C. Violation of the Law. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Project is hereby declared to be a violation of the Restrictions thereof and subject to any or all of the enforcement procedures set forth in said Restrictions.

D. Remedies Cumulative. Each remedy provided by the Project Restrictions is cumulative and non-exclusive.

E. Non-Waiver. The failure to enforce any of the provisions of the Project Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any such provisions or any other provisions of said Restrictions.

12.06. Construction.

A. Restrictions Construed Together. All of the provisions of the Project Restrictions shall be liberally construed together to promote and effectuate the fundamental concepts of the Project as set forth in the preamble of this Master Declaration.

B. Restrictions Severable. Notwithstanding the provisions of the foregoing paragraph A, each of the provisions of the project shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

C. Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall include the masculine, feminine and neuter.

D. Captions. All captions and titles used in this Master Declaration are intended solely for convenience or reference and shall not affect that which is set forth in any of the provisions hereof.

12.07. Owner's Obligations Continue. All obligations of the owner under and by virtue of the provisions of this Declaration shall continue, notwithstanding that he may have leased or rended said interest as provided herein, but the owner of a condominium shall have no obligation for expenses or other obligations accrued after he conveys such condominium.

IN WITNESS WHEREOF, Grantor has executed this Master Declaration the day and year first above written.

TWO BRIDGES AT RIVER RUN, an Idaho
Limited Liability Company

By ______________________
Thomas P. Ziegler Trust
By Thomas P. Ziegler, Trustee

STATE OF IDAHO)
) ss.
COUNTY OF BLAINE)

On this 11th day of June, 1997, before me, a Notary Public in and for the State of Idaho, personally appeared Thomas P. Zielger, Trustee of the Thomas P. Zielger Trust, to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that he signed the same as a free and voluntary act and deed, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Carol C. Contaruk
NOTARY PUBLIC in and for the State of Idaho
residing at Hailey
Commission expires 5/31/03

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EXHIBIT A

TOWNSHIP 4 NORTH, RANGE 18 EAST, BOISE MERIDIAN, BLAINE COUNTY, IDAHO

SECTION 18: Beginning at a point on the Section line West 1404.5 feet from the South Quarter corner of Section 18; thence
North 0° 53' West 500 feet along U.S. Highway 93 to the True Point of Beginning; thence
North 0° 53' West, 150 feet along Highway 93; thence
South 89° 07' West, 87 feet more or less, to the center of Trail Creek; thence following Trail Creek South 35° 14' West, 185.7 feet; thence
North 89° 07' East, 196.5 feet to the Place of Beginning.

EXHIBIT A